

Agricultural Situation

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PRODUCERS ARE USING MORE HIGH-PROTEIN FEED

High-protein feeds are playing an increasingly important role in livestock and poultry feeding. Most of them fill a special need that cannot be met by grains alone. They help raise the feeding value of the feed grains without a corresponding increase in bulk. Along with their protein content, some of these high-protein feeds also have nutritional factors such as vitamins and minerals which are valued by feeders.

Some of the high-protein feeds are not thought of as byproduct feeds in the usual sense. This is especially true of fish meal, the bulk of which is produced solely for feed.

Soybean meal might originally have been considered a byproduct feed, but it now is assuming the position of a primary product. In recent years, it has shared equal importance with soybean oil. Other feeds, such as brewers' and distillers' grains, are strictly byproducts.

Oilmeals

The rise in meal supplies before and during World War II mainly resulted from the demand for edible oils, which stimulated soybean production. As soybean meal became more readily available and gained acceptance, de-

mand increased. This, in turn, became an important factor in expanding soybean acreage and production.

The other two leading oilmeals, cottonseed and linseed, are closely tied to the production of cotton and linseed oil, and the demand for these meals is not too important a factor in their production. Consequently, supplies are not influenced materially by prices received or by competition from other high-protein feeds.

Animal Protein Feeds

Production of other high-protein feeds has not increased as much as the oilmeals. Among the animal protein feeds, meat meal and tankage have increased as a result of rising livestock

HIGH-PROTEIN FEED SUPPLY IS INCREASING

MIL. TONS	
1945-47	8.3
1955-57	13.3
1957-58	SOYBEAN MEAL OTHERS 13.9

production and slaughter. Fish meal production has been stimulated by the demand of commercial feed mixers, particularly for poultry feeds.

Increased feeding of the other animal protein feeds has been partly offset by the drop in the use of skim milk and other noncommercial milk products for feed on the farm.

The quantity of high-protein feeds fed (soybean meal equivalent) increased 60 percent between 1945-47 and 1955-57. Between these two periods soybean meal consumption rose 110 percent to become by far the leading high-protein feed. Compared with the prewar period, 1938-40, soybean meal feeding has increased over 500 percent. A number of the other high-protein feeds also have registered substantial increases.

Prices

Demand for protein feeds has generally kept pace with increasing supplies of protein feed. Prices of these feeds in recent years have been maintained in relation to both feed grain prices and livestock and livestock product prices as compared with the post-war years 1946-48. Prices of all these items have declined from the high levels for that period to 1955-57, with feed grain prices declining a little more than high-protein feeds and livestock prices a little less.

The chart on page 3 illustrates how prices of these items have moved together over the years.

Continued strong demand for commercially prepared feeds during October-December 1958, partly stimulated by cold weather in many areas has strengthened the demand for high-protein feeds. Even though total production of oilseed meals was at a record level during this period, prices were

considerably above the low level of a year ago.

A number of factors have contributed to the rise in prices of high-protein feeds during the past year. The 1958 spring pig crop was slightly larger than the 1957 crop and the fall pig crop was up 17 percent. Beef cattle feeding was up from the previous year, while broiler production in 1958 was almost 5 percent over 1957.

The level of high-protein prices during the remainder of the 1958-59 feeding year will depend on trends in livestock production and prices, and the level of production of these feeds, especially soybean meal.

Several factors have been responsible for the increasing demand for these feeds. The generally rising income of consumers and the rapidly growing population has brought increased consumption of livestock and livestock products at prices generally favorable to livestock producers. This has stimulated increased cash expenditures for commercially prepared livestock and poultry rations and for protein supplements.

Continued research has shown the profitability of scientific feeding and the importance of balanced rations. Balanced rations fortified with antibiotics and other special additives have been made available by the formula feed industry through both complete ready-to-use feeds and high-protein supplements for use in custom mixing.

Formula Feed Industry

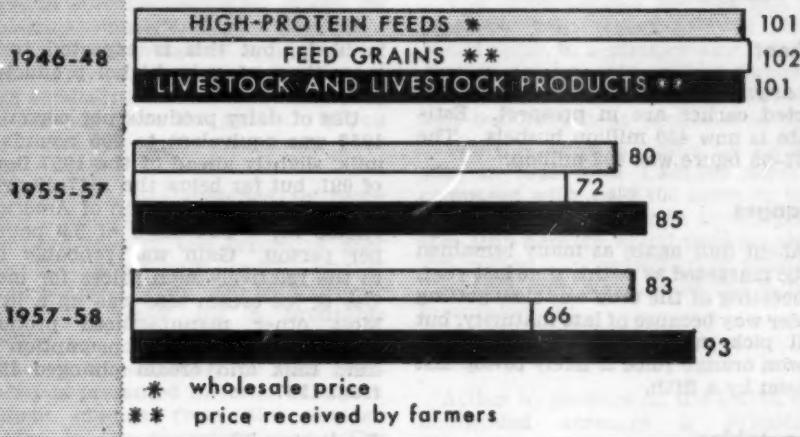
The growth of the formula feed industry has created a special demand for high-protein feeds. The industry can assemble and handle large quantities of these proteins efficiently and economically while many farmers cannot. In

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HERE'S HOW PRICES COMPARE

1947-49 100



1954, the industry used over 70 percent of the soybean meal, fish meal, meat meal, corn gluten feed and meal, and brewers' and distillers' grains consumed domestically.

The phenomenal growth of the broiler industry in the past decade has created a special demand for high-protein feeds. Broilers now are fed about 14 percent of the high-protein feed consumed, and all poultry about 36 percent of the total.

Prepared Formula Feeds

Poultry and dairy cattle feeds comprise the bulk of the prepared formula feeds, but in recent years there has been a marked increase in the production of prepared feeds for hogs and beef cattle. Based on data from the industry, prepared feeds production increased over 50 percent from 1948 to 1958.

Indications are that hog feeds have more than doubled during this period. These feeds generally contain a large percentage of high-protein feeds to supplement grain feeding.

William R. Askew
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Strong Demand for Dry Field Peas

A tight supply situation has developed for dry field peas. Farmers cut acreage sharply last season and the 1958 crop was down a fifth from 1957 and the same percentage below average. Stocks at the beginning of the year also were down. Demand has been active and prices to farmers have risen to almost double those of a year ago.

Exports

A strong export demand has developed as the result of weather damage to the European crop, and exports may approach the relatively high level of last season.

Use of peas in this country in 1958-59 will fall below the last two seasons when supplies were heavy and prices relatively low.

More Information

Information on high-protein feeds is included in the "Feed Situation" report. If you're interested in a free copy, check the box on page 7.

Outlook

HERE'S HOW PRICES COMPARE

Wheat

Larger wheat exports that were expected earlier are in prospect. Estimate is now 450 million bushels. The 1957-58 figure was 402 million.

Oranges

About half again as many remained to be marketed as at this time last year. Processing of the crop was slow getting under way because of late maturity, but will pick up rapidly. Production of frozen orange juice is likely to top last season by a fifth.

Vegetables

Record supplies of canned vegetables, moderately less frozen supplies than a year ago are in prospect for the remainder of this season. Retail prices probably will average a little higher than last year. But lower prices are likely for some items in particularly heavy supply, such as canned tomatoes and tomato products.

Large stocks of fall crop potatoes will continue the key factor in the market for the next several weeks. They are likely to hold prices below last year's levels, even though winter production is down and farmers' intentions point to smaller acreages for the early spring, late spring, and early summer crops.

Cotton

Exports so far this season are running about half those of the first 5 months of 1957-58. Working against U.S. exports are reduced consumption and increased production in foreign countries, and reduced prices for foreign cotton.

Milk

Total milk production for 1959 probably will be a little above 1958. Some further decline in number of milk cows

is likely, but this is expected to be more than offset by higher production per cow.

Use of dairy products per person in 1958 was equivalent to 695 pounds of milk, slightly ahead of the 1957 figure of 691, but far below the 1947-49 average of 742. Consumption of American cheese hit a new high of 5.9 pounds per person. Gain was probably due to the relatively high prices for meat. Use of ice cream also was up a little. Most other manufactured products showed a decline. Consumption of fluid milk and cream changed little from 1957.

Poultry and Eggs

Seasonal egg price decline from mid-February is likely to be moderate. Supplies will continue to run above last year, but a relatively large quantity is likely to go into commercial breaking and storage in the shell.

Broiler prices have fluctuated widely so far this year. Market supplies will continue generally heavy the next few months, judging from number of eggs set.

Fats and Oils

Total use this year is likely to rise 5 percent above 1958 to a new high. A new peak for domestic use is in sight and exports appear likely to equal the 1956-57 record. But the big increase in supplies this year—15 percent—means a sharp increase in carryover next October 1.

Feed

A fairly stable price level for corn is in prospect for the spring and summer. Average for the period is likely to be below a year ago. January prices to farmers averaged 9 percent above 1958 when they were at a delayed seasonal low. The January-June rise last year was 26 cents a bushel.

ACREAGE-MARKETING GUIDES ASSIST VEGETABLE GROWERS

USDA acreage-marketing guides for 1959 crop summer and fall vegetables—both fresh and processed, and including potatoes, sweetpotatoes, and melons—were published last month. Many of you already have the guides. If you don't, you can get copies from your county agent.

The guides are designed to bring about a necessary adjustment in acreage from that of the preceding year so production will be in line with market requirements. They help each grower plan his acreage for a profitable season.

The recommendation for each commodity is presented in terms of a percentage change from the acreage planted in the preceding year. The grower is provided not only with the recommendation but also with the latest possible information upon which the recommendation is based.

Each grower should adjust his own acreage in accordance with the individual commodity guides. For example, when it is recommended that the 1959 acreage of early fall cabbage be reduced 5 percent from the acreage planted in 1958, cabbage growers in every State included in the early fall classification should reduce their acreage by 5 percent.

1959 Recommendations

Reductions of 4 percent in total acreage for fresh summer vegetables, 4 percent for fresh fall vegetables, 9 percent for summer melons, and 4 percent for vegetables for commercial processing are recommended. The guide for sweetpotatoes is a total planted acreage equal to 1958.

The Department recommends a reduction of 11 percent in total acreage of summer and fall potatoes in 1959. The guides recommend a 10-percent reduction in early summer acreage and a 6-percent reduction in late summer acreage in 1959. Fall crop growers are urged to cut acreage 12 percent below the 1958 plantings.

The recommended summer and fall acreages, with recent average yields, would result in a summer and fall production totaling 196 million hundredweight as contrasted with the 227 million hundredweight produced in 1958.

The U.S. acreage guides for all seasons in 1959 total 1,323,000 acres as compared with 1,498,100 acres in 1958. On the basis of yields in recent years, this 1959 acreage would produce about 230 million hundredweight of potatoes. The 1958 crop was almost 264 million hundredweight.

Voluntary

Action by growers on the USDA recommended acreages is voluntary. However, in announcing the 1959 summer and fall potato guides, Secretary of Agriculture Ezra Taft Benson said: "We anticipate no diversion operations for the 1959 potato crop. Any Departmental assistance to potato producers in any State or area will be conditioned upon strict compliance with the acreage guides."

The USDA recommendations for vegetables, both fresh and processed, and including potatoes, sweetpotatoes, and melons, assume normal weather conditions, usual planting schedules, and normal marketing patterns. They also assume average yields in recent years will be obtained. With these conditions, production from the guide acreage would provide adequate supplies for all normal outlets under prospective demand conditions.

USDA issued acreage-marketing guides for winter vegetables in August 1958, and for spring vegetables in November 1958.

March Intentions Report

Be sure to take another look at Bert Newell's article in last month's issue of Agricultural Situation, for some good tips on using your March intentions report.

OUTLOOK BEGINS WHERE FACT COLLECTING LEAVES OFF

Facts are essential for understanding the economic situation of farmers. But facts alone are not enough. They must be interpreted, analyzed, and related before they have meaning.

Most of you have neither the time nor the resources to analyze the economic situation or prospect for the future. You do, however, have access to a wealth of information that can help you do a better job of planning your production and marketing. Magazines, newspapers, and radio and television stations present a good deal of economic information that you can use. Much of this information is drawn from analyses developed by the Federal and State Outlook Service.

Outlook—together with crop and livestock reports and market news—provides a continuing flow of information on the situation in agriculture and the probable developments in the future.

Outlook, begun as an annual affair, is now a year-round activity, both in Washington and the States. The national materials are developed in Washington by a staff of trained economists and statisticians. This information is released through the year in a series of regularly published Situation reports. Outlook programs in the States are carried on by the agricultural extension services in the land-grant colleges and universities (often in cooperation with the experiment stations) who use the national materials for background.

Purpose

Outlook is designed primarily to help farmers do a better job of planning their production and marketing. But businessmen who sell goods or services to farmers or handle agricultural products after they leave the farm are relying increasingly on the Outlook Service. Outlook information is essential to Government officials who are administering farm programs. Outlook also aids farm organizations, the

Congress, and others in analyzing the economic effects of existing or proposed farm programs.

Core of the national Outlook program is a series of regularly published Situation reports covering the farm commodities, demand for farm products, food consumption, farm income, costs, finances, marketing, and the farm real estate market. These reports provide a continuous appraisal and reappraisal of agriculture's economic prospects.

The bulk of the Situation reports are prepared in the Agricultural Economics Division of the Agricultural Marketing Service.

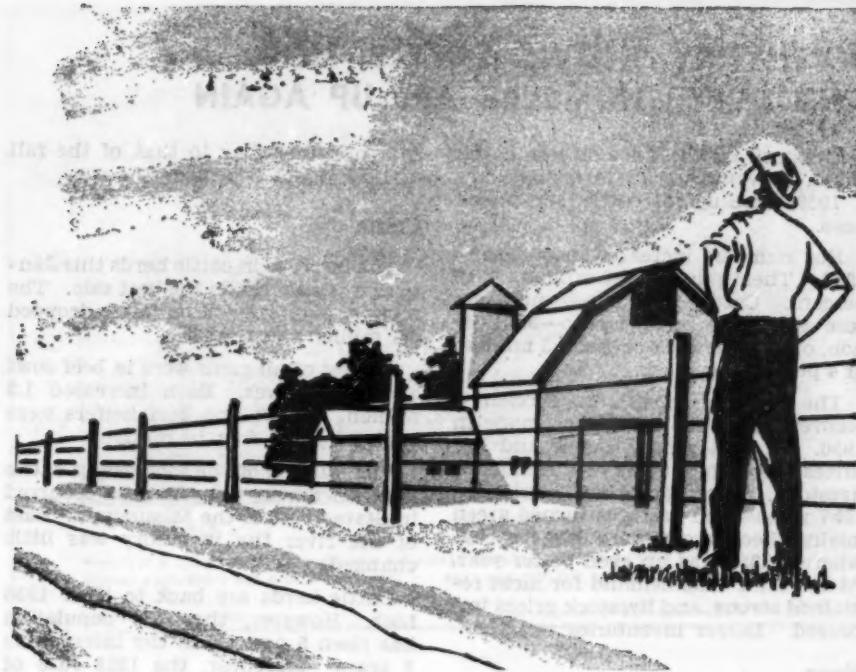
Content

The reports typically include a thorough analysis of the current situation, together with an appraisal of probable future trends. The assumptions on which forecasts rest are clearly stated or implied. Most Outlook statements look ahead a year or less. From time to time, however, the Department takes a longer look into the future—5, 10, or even 25 years. These long-term projections usually are presented in special publications.

The forecasts are made to let other people know what the experts in the Department think the facts indicate. Basically, however, Outlook is not forecasting; rather it is arranging and assisting in analyzing facts so each individual is in a position to make his own informed judgment.

All statements about the future are, of course, statements of probabilities or most likely alternatives. The chances of accuracy are greatly increased if they rest on the solid facts of the past and present, and a thorough knowledge of trends.

The key Outlook report is the Demand and Price Situation. This report analyzes the farm supply situation and the impact of changing economic conditions in the Nation and in world markets on the overall demand for the products of U.S. farmers.



Commodity situation reports analyze the supply, demand, price, and outlook for each of the more important farm products. This information is provided as an aid in planning production and marketing. Tables and charts present current figures on acreage, yield, production, market movement, stocks, consumption, and prices with comparisons with other significant periods. From time to time the results of special studies relating to commodities are included.

Commodities Covered

Commodity reports are issued on cotton, dairy products, fats and oils, feed, fruit, livestock and meat, poultry and eggs, rice, sugar, tobacco, vegetables, wheat, and wool.

Before 1920 the Department began issuing outlook materials which interpreted agricultural statistics to a greater extent than the crop and livestock reports. Demand for this type of information increased greatly during the agricultural depression following World War I.

In 1923, the Department called together a group of nationally known economists for an Agricultural Outlook Conference—the first organized effort to supply outlook information to farmers to help them adjust their farming operations to changing economic conditions. Annual conferences have been held ever since.

Through Outlook, market news, and crop and livestock estimates, USDA, with the cooperation of the States, provides a complete economic and statistical service. Those who utilize this service are likely to do a more profitable and efficient job of producing and marketing.

Situation Reports

Copies of the Situation reports are available free of charge. If you'd like sample copies, write and let us know what commodities you are interested in. Our address: The Agricultural Situation, AMS, USDA, Washington 25, D.C.

INVENTORY SHOWS CATTLE, HOG, AND SHEEP NUMBERS ARE UP AGAIN

Livestock numbers are on the march again. Inventories on farms January 1, 1959, were up for cattle, sheep and hogs.

Hog numbers increased most during 1958. Their gain was 9.2 million, or 12 percent. Cattle and sheep numbers rose at a more relaxed pace—3.5 million, or 4 percent for cattle; 1.3 million, or 4 percent for sheep.

The increases are to a large extent a recovery from the reductions made in 1956. In that year, drought and low prices forced producers of all kinds of livestock to cut back their herds. In 1957 ranges and pastures turned green again. Feed crops were large everywhere. 1958 was an even better year. At the same time demand for meat remained strong, and livestock prices improved. Larger inventories resulted.

Hogs

Much of the increase in the number of hogs and pigs in the January inventory was from pigs born last fall. Last fall's pig crop was 17 percent larger than a year before. More hogs over 6 months of age also were on hand in January. Many of these were sows and gilts that were being held for 1959 spring farrowings. Farmers have planned to have 12 percent more sows farrow this spring than last.

Larger inventories were translated into more hogs in the market beginning as early as January. A higher slaughter rate will continue during all of 1959.

Prices of hogs, always quickly responsive to supply, declined steadily this winter instead of turning upward as they normally do. In February they were \$4 per 100 pounds below a year earlier. They will remain below 1958 prices, possibly by a sizable margin. Yet, while lower, they are not expected to vary erratically. The monthly distribution of farrowings indicates that marketings of hogs may be distributed more evenly than in most years. This should give some stability to prices.

This feature of the hog outlook relates especially to prices next fall. A

sharp slide similar to that of the fall of 1955 is not expected.

Cattle

The increase in cattle herds this January was entirely on the beef side. The number of milk cattle on farms dropped 0.6 million below 1958.

Biggest of all gains were in beef cows and beef calves. Each increased 1.3 million. Steers and beef heifers were each up three-fourths million.

Virtually all of the increase in cattle numbers during the past year occurred in States west of the Mississippi. East of the river the inventory was little changed.

Cattle herds are back to their 1956 high. However, the U.S. population has risen 5 percent in the intervening 3 years. Moreover, the 1958 rate of expansion was not exceptionally rapid.

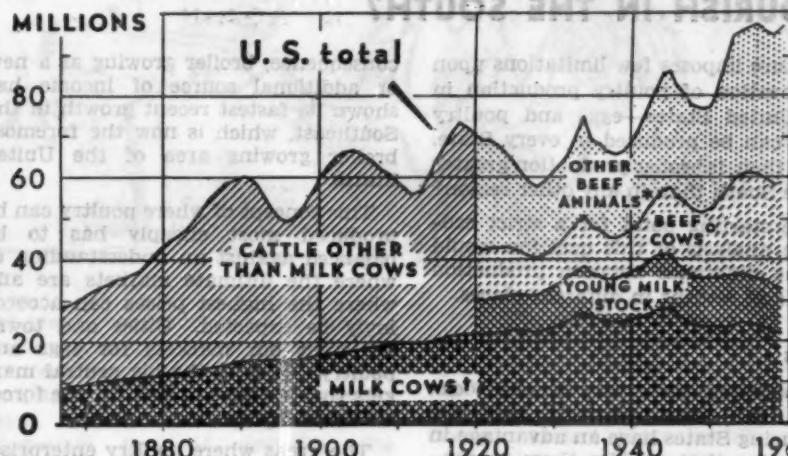
But more important, cow herds have not yet been increased greatly. The cow inventory this January was 2 million fewer than the peak number in January 1955. This means that the annual calf crop has not yet been built up greatly.

Thus while every cyclical expansion brings a period of eventual price decline, the greatest danger is yet some time in the future.

Prices of cattle probably will hold up well in 1959. Some seasonal weakness may occur in fed cattle prices in late winter or early spring, and in grass cattle prices this fall, but on the whole the 1959 price outlook is fairly optimistic. Even though numbers of young stock are up, at this stage of the cattle cycle cattlemen seldom rush them to market fast enough to break the price seriously. They probably will not do so in 1959.

Yet possible trouble looms for the more distant future. The expansion may be building up steam. In cattle or a calliope, too much steam leads to explosion. Beef heifer numbers were up sharply this January. How many

CATTLE ON FARMS JAN. 1



*HEIFERS & CALVES NOT FOR MILK, AND ALL STEERS & BULLS 2 yrs. & older not for milk

1 COWS & HEIFERS 2 yrs. & older for milk

DATA FOR 1959 ARE PRELIMINARY

U. S. DEPARTMENT OF AGRICULTURE

NEG. 430A-39 (2) AGRICULTURAL MARKETING SERVICE

will go into feedlots and how many into breeding herds is not known, but they certainly are a potential for more beef cows in another year. Since last July cow slaughter has averaged about a third below a year before. Apparently a strong effort is now being made to expand breeding herds. It will be important to watch trends in cattle for evidence of serious overexpansion.

Sheep

Sheep numbers were not omitted in the 1958 expansion. They increased 1.3 million. This equaled their 1-year gain in 1951 and otherwise was the largest gain since 1941. Stock sheep and lamb numbers increased 1 million, 4 percent; while sheep and lambs on feed for market increased 0.3 million head, 7 percent. Stock sheep numbers in the 11 western States, plus Texas and South Dakota, increased 5 percent—the second consecutive year with an increase. For the eastern or "native" States, stock sheep numbers increased 2 percent—the fifth consecutive year with an increase.

The western increase largely reflects improved western pastures and ranges. To some degree it was a temporary gain, as some producers held lambs past the turn of the year awaiting a recovery of prices from their late-1958 decline.

Prices of lambs in 1959 are expected to recover from their early winter low. They probably will gain enough support from the price level for cattle that they will average nearly as high as in 1958. They will also probably accompany cattle in a cyclical decline in the early 1960's.

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Total supply of dried fruits for the 1958-59 season is the smallest in about 40 years. It also is well below last year's relatively low supply, mainly because of smaller crops of a number of fruits in California, the State that produces most of the dried fruit.

WHY DO BROILERS FLOURISH IN THE SOUTH?

Nature imposes few limitations upon the location of poultry production in the United States—eggs and poultry meat can be produced in every State. Why, then, is broiler production greater in the South than in any other region?

The starting point for a strict economic analysis of this question would be the difference between production costs and returns in different places.

Costs

Production costs vary among locations, but some relatively high-cost producing States have an advantage in marketing that enables them to continue as important competitors in egg and poultry production. In some States, high costs are offset by closeness to market and consequent higher-than-average prices for products.

Feed represents about 60 percent of the cost of producing poultry. So a location close to the source of feed supply tends to favor a poultry enterprise. Ordinarily this would be construed to favor a midwestern location, and in fact in some communities it does, but before we generalize, let's look a little closer at the data.

Chickens don't eat just straight feed grains. The economics of feeding are based on the price of a balanced ration. And on that price, the advantage of being close to crop sources becomes obscured by trade customs affecting markups, by credit practices, and by the degree of competition prevailing among suppliers.

Labor costs and alternative work opportunities also affect the location of production. For broilers, this is probably the principal location factor.

Broiler production in the last few years has expanded most rapidly in Georgia, Alabama, and Mississippi. In those States, the 1958 composite farm wage rate is estimated to have been about 50 cents per hour or less, contrasted with the U.S. average of 75 cents per hour during the year. As a

consequence, broiler growing as a new or additional source of income has shown its fastest recent growth in the Southeast, which is now the foremost broiler growing area of the United States.

This concept of where poultry can be produced most cheaply has to be balanced against an understanding of where the ultimate markets are and where the highest prices can accordingly be expected. Cities and towns represent our markets for eggs and poultry. It is to the big central markets that we have to look for the forces that make prices.

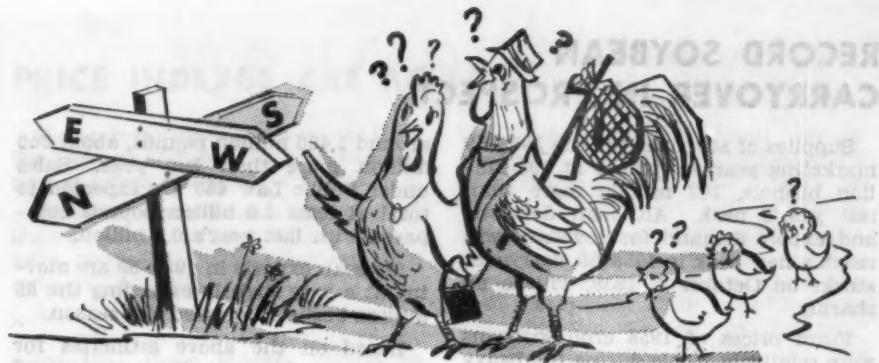
The areas where poultry enterprises will grow and prosper have to be specialized enough, and to include sufficient volume, to support the service and marketing facilities that the modern poultry industry needs.

A lone commercial poultry farmer, isolated among farmers pursuing other specialties, won't have a choice of feed suppliers competing for his business. If an isolated producer should need a poultry remedy to quell an outbreak of disease, the chances are that a supply house at the county seat would have to order it, for the store would not be likely to keep it in stock.

Outlets

When the isolated commercial producer has eggs or chickens to sell, in quantities larger than local retailing would absorb, again he would have to create an outlet, rather than find a choice of readymade outlets such as occur in an established poultry community.

In an established poultry community the already-existing marketing facilities handle sufficient volume to enable each buyer to keep his operating costs fairly low, and to compete from an initial price level that reflects low overhead costs per unit. This condition is frequently overlooked by people considering only the physical aspects of poultry production. For an independ-



ent pioneer to undertake any kind of poultry production on a scale sharply different from nearby layouts is to undertake a difficult economic challenge. Unless carefully planned by adequately financed agencies, the poultry business will not mushroom up overnight in new areas.

This leads us to the subject of broiler financing. Certainly in the development of chicken meat production the business sprang up overnight in new areas. It did indeed, but under circumstances that fit the limitation in the preceding paragraph, "carefully planned . . . adequately financed . . ."

The central figure in broiler production is the financier or contractor. Even a small contractor—a crossroads feed dealer—will put out a flock a week. At that rate, he will have an average of 8 to 10 flocks on feed at a time. By his own enterprise he has created a local specialized poultry industry—to say nothing of additional similar promotions probably originating from other nearby feed dealers.

Contract broiler growing has had its most enthusiastic acceptance in areas that lacked satisfactory sources of income and employment for surplus farm population. In the Chesapeake Bay area, broilers were accepted when profits from egg production and from vegetable crops were failing. In northwest Arkansas, fruit enterprises, particularly peaches, were on the downgrade when broilers were introduced. Returns from cotton farming were unsatisfactory in north Georgia when the broiler industry gained its toehold there.

Chronically low income, or the failure of previous agricultural standbys, created circumstances in which the broiler industry could thrive, but this does not explain why it grew in Georgia earlier than in Mississippi and Alabama, or why the center of hatching egg production remained so long in New England. We look to a study of people and personalities for explanations of these aspects of the development of the industry.

The dynamic personality of one individual cannot make or break poultry development in a State, but his missionary work certainly can explain why nearly equivalent resources in neighboring States aren't developed equally.

Personality and personal choices influenced the developers of broiler production in Georgia, and the New England breeders who had already developed fast-growing strains of Plymouth Rock and New Hampshire and Rhode Island Red chickens at the time a demand materialized for broiler stock.

The financial margins in broiler production have now narrowed considerably, and the industry is firmly established in a format of agri-business which tends to concentrate the opportunities for the decisions that result in innovations. But those decisions are still occurring with great regularity, and they are the ones that keep actual broiler practice in the field so closely on the heels of the laboratory recommendations.

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RECORD SOYBEAN CARRYOVER IN PROSPECT

Supplies of soybeans for the 1958-59 marketing year are placed at 595 million bushels, 102 million more than last year's peak. Although domestic and export demand for soybeans will reach a new peak in 1958-59, carryover stocks on October 1, 1959, will be up sharply.

Farm prices of 1958 crop soybeans were relatively stable during the heavy harvesting months of October-January, averaging \$1.95 a bushel, 14 cents under the support price and the lowest in 15 years. Farm prices probably will move a bit closer to the support price of \$2.09 a bushel as the marketing year progresses, but are not likely to exceed it by any substantial margin.

Farmers placed 137 million bushels, 24 percent of the 1958 crop, under support programs. The maturity date for the program is May 31.

CCC Takeover

Because 1958-59 supplies of beans are well in excess of probable requirements, CCC takeover will be a new record. The Corporation will again be a supplier of beans next summer and will own a substantial carryout of 1958 crop beans next October 1.

Soybean crushings for oil and meal in 1958-59 are forecast at a record 400 million bushels compared with 354 million last year. This is well within the industry's estimated annual crushing capacity of 425 million bushels.

A 400-million-bushel crush would produce about 4,250 million pounds of crude soybean oil, around 450 million more than in 1957-58, and about 9.4 million tons of soybean meal, approximately 1.0 million above last year.

Record soybean crushings in 1958-59 reflect a strong domestic demand for protein feeds as well as for edible oils. Another factor boosting the crush is the sharp pickup in purchase of oil for export under the Public Law 480 program.

Exports of soybean and cottonseed oils in 1958-59 are expected to total

around 1,400 million pounds, about 350 million more than last year. Sales under Public Law 480 are expected to total at least 1.0 billion pounds compared with last year's 0.7 billion.

Soybean exports in 1958-59 are moving at a rate slightly exceeding the 85 million bushels exported last season.

Based on the above estimates for crushing and export, the carryover of 1958 crop soybeans on October 1, 1959, will be around 75 million bushels. A carryover this large would be nearly 55 million above last year's record.

Prices

Prices for crude soybean oil at Decatur have been relatively stable, averaging just under 10 cents a pound during October-February 1958-59, about 1.5 cents below the previous season.

Oil prices for the entire 1958-59 marketing year will average much lower than the 10.8 cents a pound in 1957-58. Last season sharply reduced supplies of lard and cottonseed oil helped to maintain bean oil prices.

Prices for bulk soybean meal at Decatur in October-February 1958-59 averaged \$57 a ton, about \$12 above the previous year.

Demand

Demand for soybean meal through the remainder of the current feeding year is expected to be maintained at peak levels due to increases in livestock and poultry production and a slight rise in the feeding rate of protein feeds per animal unit. Prices of livestock and livestock products, however, are expected to average somewhat lower and feeding ratios will not be as high as last year.

Price supports for 1959 crop soybeans are set at \$1.85 per bushel, down 24 cents from this year.

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PRICE INDEXES ARE REVISED

Major revisions have been made in the Indexes of Prices Paid by Farmers and of Prices Received by Farmers.

These indexes are those used in computing parity prices. The revisions were published in the January 1959 issue of "Agricultural Prices."

As a result of continuous review and appraisal, it had been generally recognized that these indexes should be brought up to date. They were the only major economic yardsticks prepared by the Federal Government which had not been updated to post-war conditions.

The 1959 revision of the Index of Prices Paid, including Interest, Taxes, and Wage Rates (the Parity Index), encompasses three main features:

1. Revision of weights.
2. Linkage to the former series as of September 1952.
3. Improved commodity coverage.

However, the general pattern and structure of the index, as carried since 1950, have been retained.

The new weighting pattern is based primarily upon the results of a nationwide survey of about 10,500 farms, relating to expenditures for the year 1955, together with a survey of household consumption conducted in the spring of 1955, and other official information.

These surveys indicated that the level of average expenditure per farm had increased severalfold over that of the prewar period, 1937-41, which had been the basis for the previous weights. However, the proportion of expenditures for major categories had shifted. Expenditures for items bought for production—particularly feed, motor supplies, farm machinery, building and fencing materials, fertilizer and lime, equipment and supplies, and seed—took a larger share of total expenditures than in 1937-41. On the other hand, expenditures for items bought for family living, particularly food, clothing, and autos and auto supplies for family use took a smaller share. Interest on mortgage loans, taxes on farm

real estate, and hired wages also accounted for a smaller proportion of the total, although in dollar terms they were, of course, higher than in 1937-41.

Data from the 1955 Expenditure Survey are published in "Farmers Expenditures for Farm Living and Production" (December 1956) and "Farmers Expenditures in 1955 by Regions," USDA Statistical Bulletin No. 224 (April 1958). Both are available upon request to the Agricultural Marketing Service, USDA, Washington 25, D.C.

September 1952 was selected as the linkage date for the incorporation of the 1955 weighting pattern into the Parity Index for the reason that the 1955 expenditure data reflect conditions from 1952 forward much better than weights based on the period 1937-41.

Some expansion in commodity coverage and better representativeness has been achieved as a result of the complete review of available price series in the light of purchase patterns reflected by the Expenditure Survey. In general, items were included in the revised index for which price data were available and that contributed more than one-half of 1 percent of the total expenditure by farmers for items in the particular group.

The Index of Prices Received by Farmers has also been revised to incorporate post-World War II weights.

The effect of the revision in the Prices Received Index is a reduction in the 10-year average, 1949-58, of slightly less than 1 percent. The effect on the Parity Index is a reduction as of December 1958 of 4.2 percent and an average over the 10 years, 1949-58, of 1.4 percent. The decrease in the Parity Index is partially offset by the lower 10-year average of the Index of Prices Received, so that the net effect of the revisions was to reduce parity prices as computed in January 1959 about 3.4 percent from what they would otherwise have been.

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SWEETPOTATO PRODUCTION IS DOWN

Sweetpotato production in the United States has shown a marked decline in the last 10 years unmatched by any other major vegetable. The biggest factor in this downtrend is that fewer farms are growing the crop.

Production of sweetpotatoes in 1958 totaled 17.4 million hundredweight, 31 percent below the 1947-49 average. Aside from fewer farms supplying sweetpotatoes, changes in the production pattern indicate that specialization in production has become more important. And production for home use has fallen off.

Eighty-four percent of total U.S. sweetpotato production came from the South in 1958. The South has held this predominance in production for many years. But production in the South dropped one-third from 1947-49 to 1956-58.

Although all regions in the South showed a substantial reduction in production, marked differences appear between regions and States. In the East South Central region, comprising Kentucky, Tennessee, Alabama, and Mississippi, where production for sale is relatively low, the drop in production reached 53 percent from 1947-49 to 1956-58. Alabama showed the biggest drop.

In the West South Central region, which includes Louisiana, Texas, Oklahoma, and Arkansas, where production for sale is moderately high, total production dropped 15 percent over the 10-year period. While three of the States in this region showed almost uniform decreases of about 40 percent, Louisiana increased its production by over 10 percent.

Census figures show that slightly more than one-third as many farms of all acreage classes produced sweetpotatoes in 1954 as in 1949.

While sharp decreases in the number of small acreages are particularly notable, less severe changes took place among farms with 2 acres or more.

Of the farms in the large acreage class, those with 25 acres or more increased by over 35 percent. This in-

crease coupled with the increase in concentration of production in a few States has been significant. The shift toward concentration has been so pronounced that in 1956-58, production in six States accounted for about 70 percent of the total annual crop—in 1947-49 it represented 51 percent.

Outside the South, New Jersey and California are the most important producing States. Substantially less reduction in the actual number of farms growing the crop occurred in these States. Production increased in both States.

Quantities of sweetpotatoes used for food in the United States were reported at approximately 14.0 million hundredweight in 1957, down 24 percent from 1947-49. Quantities used for food on farms where grown dropped 46 percent.

A number of factors other than those mentioned have contributed to shifts toward fewer sweetpotato farms and increasing concentration of production. One of these is a shift in production to higher yielding States. Another contributing factor is the keen competition from alternative crops, many of which require less hand labor and encounter fewer pest and disease problems.

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Marketing Research on Grades for Molasses

Marketing researchers report that blackstrap molasses used for animal feed can be graded on the basis of its moisture and carbohydrate content. The researchers have suggested three possible grades for blackstrap.

Research indicates that carbohydrate is by far the most important nutrient in molasses. Moisture content is critical in the control of spoilage in mixed feeds. High moisture content makes the feeds highly susceptible to mold growth and accompanying heating and spoilage.

"Bert" Newell's Letter

My wife and I have tickets to a weekly lecture series. They are the general admission kind (costing only about half as much as the reserved section), so we go early, line up, visit with our neighbors, and then, when the doors open, we rush along with the crowd trying to get our favorite location. It's sort of fun, everyone is good natured and we have picked up several new friends as we wait in line.

Nearly every week or so there are a few who come late and aren't willing to take their turn like all the rest, so they bunch up around the head of the line and then try to squeeze ahead of everyone else. Last week the line almost let out a cheer when the door guard noticed what was going on and made the chiselers get back where they belonged.

I think this is indicative of a fundamental principle that seems to be born in most people in this great country of ours. It seems to me that nothing will stir up so many people so fast as to have someone try to gain an unfair advantage by trickery or violating the rules of the game. In almost 40 years of public service, I have found that most people—no matter what their positions—simply want fair and unbiased treatment. Assured of this they are willing to accept decisions in good spirit.

I guess we folks in Agricultural Estimates are a little sensitive on this subject because we are so often in the middle. I don't know of any spot where you can run into criticism any quicker than in the kind of work we do. An estimate hardly ever suits everyone. If a forecast goes up, some will agree, some will say it did not go up enough, and still others will contend it should have gone down.

Now these differences of opinion are natural, they are healthy, and I hope they will continue. I have some very

good friends who periodically disagree with some of our estimates. They say so quite frankly and usually have good reasons for their position. Even in our hottest debates, though, I have never had a single one of them raise any question as to the integrity of the Crop Reporting Board. They know the rules of the game and how we play it, so we stay good friends and continue to exchange ideas.

Now, just look at it from where we sit. This service has been going on for nearly a century, and I expect it will be functioning long after we are dead, gone, and forgotten.

We know that we are the custodians of a trust delegated to us by all of the people. Just plain, ordinary horse-sense tells us that there would be no quicker way to destroy a fine service or commit professional suicide than to allow biases to creep into the findings of the Crop Reporting Board. We like our job—you have to in this business—and we don't want to die young.

A friend of mine once told me that I must be a glutton for punishment. Well, now, I don't like punishment any better than you do, and the best protection I know is to stick to the facts. When the Crop Reporting Board meets, every last man calls 'em as he sees 'em. We know that we have got to plow a straight row without fear or favor. Frankly, we may feel a little nervous at times, but there sure isn't any favoritism.

So here we stand, waiting for the door to open on another crop season. What the show will be like we don't know. But you can be sure we'll keep our lines straight and, with your help, report the performance as factually as we know how.



S. R. Newell
Chairman, Crop Reporting Board, AMS

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Farmer's Share of Consumer's Food Dollar

1957	40 percent
1958	40 percent

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